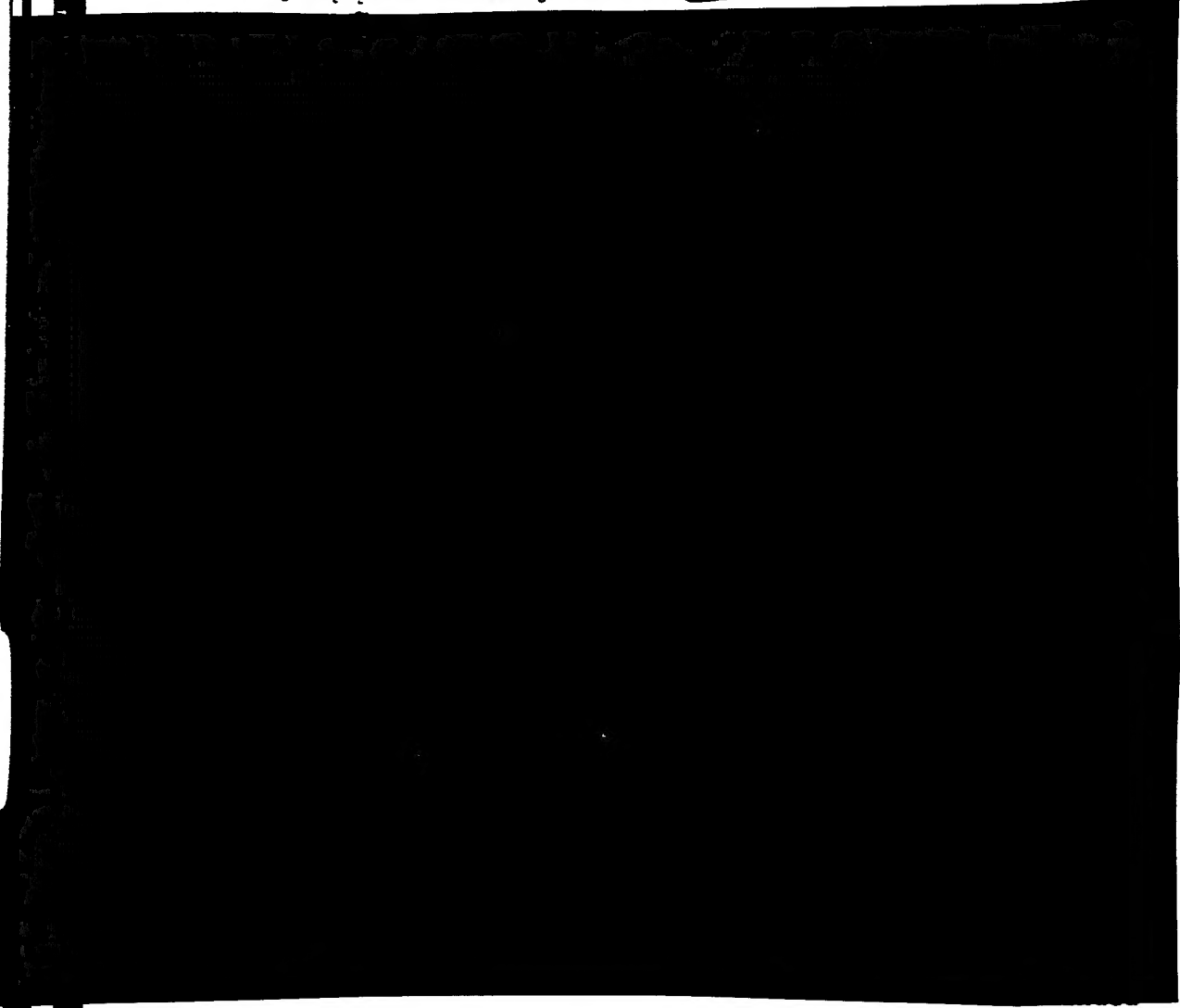


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POLAND

Military activity by [REDACTED] Soviet forces in and near Poland has increased since Monday. [REDACTED] much of the other activity is well within the normal levels expected in September when the Soviets approach the end of their training cycle. Nonetheless, this activity enhances their preparedness for contingency plans involving Poland. [REDACTED]



Approved for Release

Date AUG 1999

4

~~Top Secret~~

25 September 1980

51
65

~~Top Secret~~

are training. Such training activity is normal [REDACTED] in September when the Soviets end a training cycle. The activity is, however, expected to end in time for next month's semiannual troop rotation. [REDACTED]

[REDACTED]

Confidence Building

The Council of State yesterday appointed Lech Walesa and six other trade union activists to a 24-man commission that is to draft a new trade union law. The regime probably realized that it had to involve people such as Walesa with the commission if the new law were to have any credibility. [REDACTED]

Walesa showed yesterday that he is willing to meet the regime halfway on some issues by urging in a speech at the large Ursus tractor factory that the workers not engage in wildcat strikes. The warning also serves his purpose of maintaining control over local union activity. [REDACTED]

Walesa was in Warsaw yesterday to register the independent, nationwide labor federation he heads. The Warsaw court that rules on new unions indicated that it may take up to two weeks to make a decision. Walesa also complained to Deputy Premier Jagielski about a lack of official publicity for his organization, and about the media's increasingly vicious commentary about Jacek Kuron, one of Poland's leading dissidents. [REDACTED]

There is some evidence Walesa is becoming more disposed to rely on Catholic intellectuals for advice, a development that would be welcome news for the regime, which has been attempting to split the workers from the

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~~Top Secret~~

25 September 1980

~~Top Secret~~

dissidents. Moreover, it would be politic on the part of the trade union leaders not to be closely linked with people like Kuron, whom the Soviets and the regime consider "antisocialists."

Spending Reallocation

The Council of Ministers decided this week to halt work on some unspecified long-term investment projects to free resources for production of consumer goods. The regime had provided no figures on the changes, however, making it impossible to assess how much the consumer will actually gain from the move. Other economic objectives of the 1981 plan include increased production for the domestic market, protection of the present standard of living, and increased wages, benefits, welfare payments, and housing. (U)

Earlier, the regime disclosed that it would cut government expenditures by an additional \$300 million in 1980 to supplement reductions of \$550 million announced in the spring. The total cuts equal almost 3 percent of the original 1980 budget. Reductions in previously planned spending are expected to save about \$1 billion next year which would cover about a third of the increased wages and benefit payments. Warsaw has also suggested that taxes on "excessive incomes" will be raised and that steps will be taken to encourage consumer savings.

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25 September 1980